

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 2118 – HB 2198

March 11, 2009

SUMMARY OF BILL: Requires any county containing an area designated by the United States Department of Housing and Urban Development as economically distressed to be designated as a tier three economically distressed county for the purpose of receiving additional job tax credits. Such job tax credits are authorized to be used against any eligible taxpayer's franchise and excise tax liability.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue - \$250,000

Assumptions:

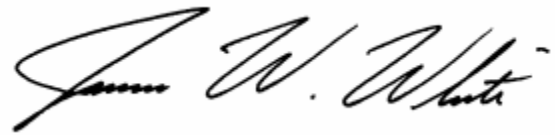
- Pursuant to Tenn. Code Ann. § 67-4-2109(c)(2)(A), job tax credits equal to \$2,000 for each net new full-time job created shall be allowed against a qualified taxpayer's franchise and excise tax liability.
- Pursuant to Tenn. Code Ann. § 67-4-2109(c)(2)(K), job tax credits equal to \$4,500 for each net new full-time job created shall be allowed against a qualified taxpayer's franchise and excise tax liability when such taxpayer is located in a tier three economically distressed county.
- The fiscal impact of this bill is dependent upon several unknown factors such as the number of qualified business entities that will qualify for additional job tax credits, the number of net new full-time jobs that each qualified business entity will create, and the extent of franchise and excise tax liabilities for any such qualified business entity.
- Given the number of unknown factors, determining a precise estimate for the number of net new full-time jobs that will become authorized for additional job tax credits is difficult. Based on information provided by the Department of Revenue, the number of net new full-time jobs that will become authorized for the additional job tax credits as a result of this bill is reasonably estimated to be 100.
- The decrease to state revenue is estimated to be \$250,000 (100 jobs x \$2,500 additional job tax credit = \$250,000).

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- According to the Department of Economic and Community Development, this bill will have no direct impact on the Department.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/rnc